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SERVICE DATE – MAY 11, 2012

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21044

CELERITY PARTNERS IV, LLC, CELERITY AHI HOLDINGS PV, LLC, AND ALL
ABOARD AMERICA! HOLDINGS, INC.

—CONTROL—

CALCO TRAVEL, INC. HOTARD COACHES, INC., AND INDUSTRIAL BUS LINES, INC.,
d/b/a ALL ABOARD AMERICA!

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Transaction.

SUMMARY: All Aboard America! Holdings, Inc. (AHI), Celerity AHI Holdings SPV, LLC (Celerity Holdings), and Celerity Partners IV, LLC (Celerity Partners) (collectively, Applicants) have filed an application under 49 U.S.C. § 14303 for their acquisition of control of Calco Travel, Inc. (Calco), Hotard Coaches, Inc. (Coaches), and Industrial Bus Lines, Inc., d/b/a All Aboard America! (Industrial) (collectively, the Three Carriers). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules under 49 C.F.R. §§ 1182.5 and 1182.8.

DATES: Comments must be filed by June 25, 2012. Applicants may file a reply by July 10, 2012. If no comments are filed by June 25, 2012, this notice shall be effective on that date.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MC-F 21044 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Applicants' representative: Mark J. Andrews, Strasburger & Price, LLP, Suite 640, 1700 K Street, N.W., Washington, DC 20006. FOR FURTHER INFORMATION CONTACT: Amy C. Ziehm, (202) 245-0391. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: AHI is a noncarrier corporation established under the laws of Delaware. The majority of AHI's stock is held by a group of investors participating in Celerity Holdings, a noncarrier limited liability company organized under the laws of Delaware. Celerity Partners, the managing member of Celerity Holdings, is also a noncarrier limited liability company organized under the laws of Delaware.

Calco and Coaches are corporations established under the laws of Louisiana, are headquartered in Geismar and New Orleans, La., respectively, and are commonly controlled by Callen Hotard, a noncarrier individual. Mr. Hotard is president of both Calco and Coaches and is

the direct owner of 100 percent of the stock of Calco. He and Coleen Hotard are equal co-owners of Hotard Travel, an intermediate holding company and noncarrier, which owns 100 percent of the stock of Coaches. Calco and Coaches hold authority from the Federal Motor Carrier Safety Administration (FMCSA) as motor carriers of passengers (license nos. MC-161177 and MC-143881, respectively). Industrial is a corporation established under the laws of New Mexico, headquartered in Mesa, Ariz., and is controlled through stock ownership by Jack D. Wigley, a noncarrier individual, and by the Wigley family trusts (Wigley Trusts), which are also noncarriers. Industrial holds a FMCSA license (MC-133171) as a motor carrier of passengers.

Calco and Coaches currently operate a total of 89 vehicles in Louisiana and Mississippi. According to Applicants, Calco and Coaches have been operationally integrated to a significant degree since coming under common control of Mr. Hotard.¹ Applicants state that charter and sightseeing services account for approximately 67 percent of the combined Calco-Coaches revenues, with contracted transit and shuttle services accounting for the remaining 33 percent. Industrial operates 84 vehicles in Arizona, New Mexico, and Texas. Applicants indicate that 38 percent of Industrial's revenues are derived from charter and sightseeing services and 51 percent of its revenues come from contracted transit and shuttle work. The remaining 11 percent of Industrial's revenues, according to Applicants, come from scheduled regular-route operations and related package express service and vehicle maintenance and repair services for third parties.

Under the proposed transaction, Applicants seek permission for AHI (and for Celerity Partners and Celerity Holdings indirectly) to acquire 100 percent control of Calco through purchase of its stock from Mr. Hotard, of Coaches through purchase of its stock from Hotard Travel, and of Industrial through purchase of its stock from Mr. Wigley and Wigley Trusts. Applicants state that the acquisition would be structured through a series of stock purchase agreements (SPAs), to be executed by and between the Applicants and the selling shareholders of each of the Three Carriers, and that Mr. Hotard and Mr. Wigley would become minority shareholders in AHI. The parties state that they anticipate that the SPAs will be executed during April 2012.²

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a motor carrier of passengers transaction it finds consistent with the public interest, taking into consideration at least: (1) the effect of the transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees. Applicants submitted information, as required by 49 C.F.R. § 1182.2, including the information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C.

¹ See Callen Hotard—Acquis.—Hotard Coaches, Inc., MC-F 21022 (STB served July 13, 2007).

² We note that Applicants may not exercise control over the Three Carriers until Board approval and authorization are effective.

§ 14303(b), and a statement that the 12-month aggregate gross operating revenues of the Three Carriers exceeded \$2 million.

Applicants state that the proposed transaction will have no significant impact on the adequacy of transportation services available to the public, because Applicants do not intend to change substantially the physical operations historically conducted by the Three Carriers. Rather, Applicants anticipate enhancing operations of the Three Carriers by implementing vehicle sharing arrangements, by providing coordinated driver training and safety management services, and by centralizing various management support functions. With respect to fixed charges, Applicants state that their control of the Three Carriers would generate economies of scale that would reduce a variety of unit costs and that, with its increased market position, Applicants would be able to access financing on more favorable terms. In addition to better interest rates, Applicants expect that the Three Carriers would be able to enhance modestly their volume purchasing power, thus reducing insurance premiums and achieve deeper volume discounts for equipment and fuel. According to Applicants, the transaction would have a positive impact on employee interests, as the economies and efficiencies resulting from the proposed transaction would directly benefit the Three Carriers' employees by maintaining job security and retaining or expanding the volume of available work.

Applicants further note that the acquisition would have no adverse impact on competition, namely because Industrial competes in a geographic market that does not significantly overlap the geographic market in which Calco and Coaches compete. Applicants also state that the Three Carriers face significant competition in both commuter and shuttle services under contract, as well as charter or leisure transportation in motor coaches. Additional information, including a copy of the application, may be obtained from Applicants' representative.

On the basis of the application, the Board finds that the proposed acquisition of control is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, this finding will be vacated automatically, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 C.F.R. § 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this notice will take effect automatically and will be the final Board action.

The party's application and Board decisions and notices are available on our website at "WWW.STB.DOT.GOV."

This decision will not significantly affect either the quality of the human environment or the conservation of energy resources.

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed as having been vacated.
3. This notice will be effective June 25, 2012, unless opposing comments are timely filed by June 25, 2012.
4. A copy of this decision will be served on: (1) U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: May 3, 2012.

By the Board, Chairman Elliott, Vice Chairman Mulvey, and Commissioner Begeman.